

# The Effect of Tax Avoidance on Firm Value

Angeline Walah<sup>1,a</sup>, Gabriella Juarso<sup>1,b</sup>, Stella Santoso<sup>1,c</sup>, John Kusno<sup>1,d</sup>, Adrian Teja<sup>1,e</sup>

angeline.walah@student.pmsbe.ac.id<sup>a</sup>, gabriella.juarso@student.pmsbe.ac.id<sup>b</sup>,  
stella.santoso@student.pmsbe.ac.id<sup>c</sup>, john.kusno@pmsbe.ac.id<sup>d</sup>, adrian.teja@pmsbe.ac.id<sup>e</sup>

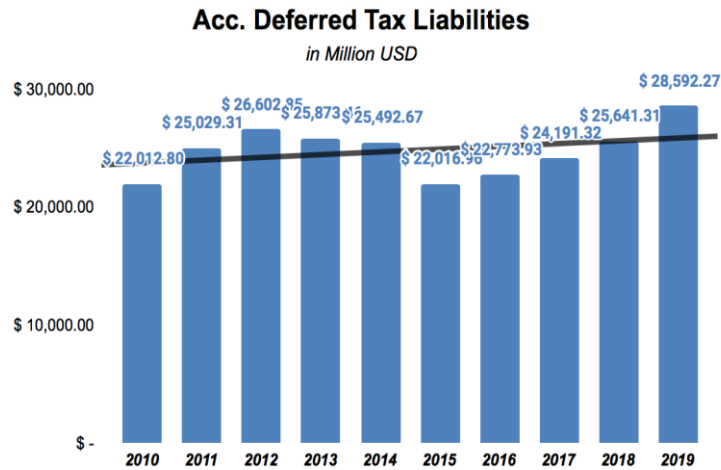
Universitas Prasetya Mulya, Jakarta, Indonesia<sup>1</sup>

**Abstract** – This study aims to understand the effect of funds from tax avoidance to firm value. The effect of tax avoidance on firm value was estimated using cross-section regression analysis. The sample is non-financial public firms listed in ASEAN countries, such as Indonesia, Malaysia, Singapore, Thailand, Philippines, and Vietnam, for 2015-2019. We find that tax avoidance increases the average five-year firm stock market capitalization. The findings suggest that firms receive financial benefits beyond larger liquidity and lower cost of funds but higher firm value. The business implication is that larger market capitalization enables the firm to have access to a greater pool of sources of financing with a lower cost of funds. The government implication is that the government will receive larger future tax revenue.

**Keywords:** Deferred Tax Assets, Deferred Tax Liabilities, Stock Market-Capitalization, Tax Avoidance

## 1. INTRODUCTION

Tax regulations provide an opportunity for companies to manage their tax obligation payments. Firm may choose to pay their tax obligation in advance or in the future. When a company pays its taxes in advance, the company will record it as a deferred tax asset. When a company pays its tax obligation in the future, the company will record it as a deferred tax liability. If the deferred tax liabilities are larger than deferred tax assets, we define it as tax avoidance. Figure 1 below shows that the trend of tax avoidance value for public companies in ASEAN (Association of Southeast Asian Nations) countries, namely Indonesia, Malaysia, Singapore, Thailand, Philippines, and Vietnam.



**Fig. 1.** Accumulated Deferred Tax Liabilities in ASEAN year 2010-2019

Palowa et al. [12] that the definitions of tax avoidance and tax evasion are different. Tax avoidance is behavior that is taken to by a firm to pay its tax obligation in the future, or a firm delayed its tax obligation payment. Tax avoidance is legal, whereas tax evasion is an action that results in reducing the amount of tax that must be paid in an illegal way. Deferred tax liabilities can be categorized as tax avoidance because the company will fulfill this year's tax obligations in the future. The government indirectly provides funding for companies to use the cash optimally to get additional profits and can increase the value of these companies. When companies delay paying taxes, companies can use cash that should be paid to the government for operational or investment activities. Wang et al. [17] stated that cash flow will increase when companies carry out tax avoidance.

Research on the benefits of tax avoidance on firm value produces conflicting empirical evidence. Herdiyanto and Ardiyanto [6] found that tax avoidance has a significant positive effect on firm value. The benefits of raising funds from tax avoidance outweigh the potential for agency problems. Minh Ha et al. [8], Apsari and Setiawan [2], Nurseto and Bandiyono [11], and Yuliandana et al. [19] found that the benefits of tax avoidance are smaller than the potential for agency problems so that the effect of tax avoidance on firm value is negative which has similar results. Referring to empirical evidence that is not yet conclusive, research space discussing the effect of tax avoidance on firm value is still open.

Analysis of the tax avoidance literature indicates conflicting empirical test results may occur due to the methodology in determining the amount of tax avoidance. Commonly used tax avoidance measures are Cash ETR (Effective Tax Rates) and BTD (Book Tax Differences). Wang et al. [17] when pretax income is negative, the Cash ETR calculation becomes inaccurate. Therefore, Cash ETR cannot capture tax avoidance behavior effectively. Graham et al. [5], Book Tax Differences can be influenced by several factors, including earnings management, tax laws, differences in accounting standards, and other factors. Therefore, BTD produces an inaccurate measure of tax avoidance.

Our research question is, "What is the effect of tax avoidance on firm value?" In this study, we propose a different tax avoidance measurement method. We propose a total deferred tax, which is the difference between deferred tax assets and deferred tax liabilities. Our measures of tax avoidance are relatively similar to Book Tax Differences. If the total deferred tax result is negative, i.e., the deferred tax liabilities are greater than the deferred tax assets, we define it as tax avoidance. Considering that the deferred tax value always changes following the business cycle and the level of competition, the annual total deferred tax has a random pattern. Therefore, we calculate the accumulated deferred tax over five years to eliminate random pattern effects. This tax avoidance measurement method is also one of the novelties of this study.

The aim of this research is to provide new empirical evidence regarding the effect of tax avoidance on firm value by using different tax avoidance measures. An additional novelty is in terms of both the characteristics of the data and the implications of time effects. These previous studies used time series data that looked at changes from year to year or short-term effects. Studies looking at its long-term effects have yet to be done before. The use of accumulated deferred tax for five years automatically measures the long-term effect of tax avoidance on company value.

This research has several benefits. First, the government can have a better understanding of tax avoidance. Second, companies can understand the effect of tax avoidance on firm value. Third, this research adds to the empirical evidence of measuring tax avoidance, which is consistent with the measurement of BTM, which uses a measure of the value of money.

## **2. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

### **2.1 Tax as a source of funding**

Caselli and Negri [3], companies must prioritize sources of financing (from internal financing to equity) and use equity as the last resort in financing. In this theory, there is a hierarchy in funding. Myers and Majluf [9] explain that there is an impact of information asymmetry on the company's funding sources. Information asymmetry itself is a situation or condition where one party in a transaction has more knowledge than the other party. They stated that the cost of capital will increase along with the level of information asymmetry that is created. Therefore, a company is said to have an optimal funding structure when using funding sources with a low cost of capital.

Narayanan [10] states that the source of funding with the lowest cost of capital is to use internal funding that comes from the founder's share capital and retained earnings of the company. This funding also has a low level of information asymmetry. Furthermore, when the company is in debt to the bank, the cost of capital will increase because the company must pay interest on the debt, accompanied by an increase in information asymmetry. The next source of external funding is through the capital market. Issuing shares has a higher cost or cost of capital than debt, because of the larger information asymmetry.

Apart from the three sources of funds mentioned above, there are other sources, namely tax avoidance. Tax avoidance is classified as debt (non-interest-bearing debt) because it comes

from tax debt. Teja [16] explains that tax avoidance here refers to delaying tax payments through deferred tax liabilities, not tax evasion. In this case, the government does not charge interest on the deferred tax. Thus, financing through tax avoidance can be understood as funding without the cost of capital. The government does put effort into understanding the condition of companies that carry out tax avoidance. Thus, the information asymmetry between the government and companies becomes very large.

If the future tax that needs to be paid is lower, it is referred to as a deferred tax asset, but if the future tax that is paid is higher, it is referred to as a deferred tax liability (Stice & Stice [15]). Deferred tax liabilities arise due to differences in the recognition and measurement of income and expenses according to tax regulations and accounting standards. These differences can be divided into two, namely, permanent differences and temporary differences. Permanent differences are differences that will not be recovered in the future, while temporary differences are differences that arise due to the timing of recognition so that the total value of expenses or income is the same but the recognition times are different. Temporary differences may result in a number of taxes payable in future periods.

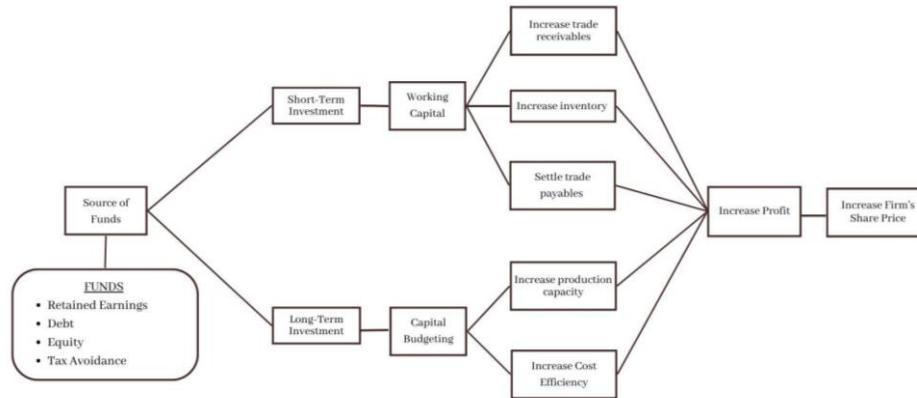
Tax avoidance measurement tools from previous research are Cash ETR (Cash Effective Tax Rate) and BTD (Book Tax Differences). Cash ETR is formulated as follows:

$$Cash\ ETR = \frac{cash\ tax\ paid}{total\ pre-tax\ accounting\ income} \quad (1)$$

Book Tax Differences are the differences between the company's taxable profits and commercial profits or there are differences in tax calculation methods between income measured for financial reporting purposes and taxable income. Wilson [18] found that the BTD value would be greater for companies suspected of being involved in tax avoidance than for companies that were not involved. Research shows BTD can catch corporate tax avoidance behavior.

In order to see the effect of tax avoidance on firm value, funds from tax avoidance are analyzed referring to the Gordon growth model valuation theory framework [13]. The Gordon growth model shows the variables that can affect changes in the intrinsic value of shares, namely dividends, discount rates, and dividend growth rates. Amri & Praptoyo [1] say that DPS (Dividend Per Share) has a positive impact on the company's share price. Distribution of large dividends signals good business prospects.

## 2.2 Hypothesis development



**Fig. 2.** Hypothesis Development

The pecking order theory states that the level of information asymmetry influences the cost of capital. The sources of funds with the smallest to the largest information asymmetry are share capital, retained earnings, bank loans, and finally the capital market. However, there are other sources of funds, namely funds obtained from delaying tax payments. The funds obtained can be used in the form of short-term investments, namely working capital, or long-term, namely capital expenditures.

Working capital is a form of investment that is used for the short term. Satoto et al. [14], working capital needs to be managed properly so as to ensure that the company's operational activities to get profits can run well. Larger working capital can be used to increase accounts receivable or increase accounts receivable days, increase inventory, and speed up payments of accounts payable. The benefit is that the company's market coverage is wider and the cost of raw materials from cheaper suppliers. The implication of greater working capital is greater corporate profits.

Capital Budgeting is a form of investment that is used for the long term. Kengatharan [7], capital budgeting is important for the long-term success of a company due to many uncertain factors. Cash can be allocated in capital budgeting; one example is a company can buy assets. With additional assets such as machinery, production capacity increases to produce more products as a result, more products are sold, and profits increase. The existence of new assets also has an impact on cost efficiency and makes the NPV positive.

So that if the cash owned by the company can be managed properly into long-term and short-term investments, the company's profit will grow. When profits increase, the company can distribute larger dividends. This is in accordance with the theory of the Gordon growth model. By providing large dividends, the intrinsic value of the shares evaluated using the Gordon growth model will be greater. When the intrinsic value is greater than the market value, then the stock is undervalued. Undervalued stocks attract investors because they can provide high returns. That way, the demand for these shares grows and causes the share price to rise. When the stock price rises, the company's value as seen from market capitalization, also increases. Increasing the profitability of a company has a good impact on the country's economy because

it encourages investors to invest in the company or the company's industry which then increases the country's economic opportunities, creates new jobs, and higher growth.

So, based on the discussion above, the hypothesis proposed is:

H1: Tax avoidance has an effect on firm value

### 3. RESEARCH METHODS

#### 3.1 Research samples and variables

The financial data was obtained from S&P CAPITAL IQ. The following are some of the criteria used:

1. All non-financial companies that have gone IPO in ASEAN in the 2010-2019 period.
2. The company publishes financial reports at the end of each year during the 2010-2019 period.

The company has complete data. For the tax avoidance variable, data is taken only from 2010-2014, while other variables use data from 2010-2019.

**Table 1.** Sample Selection Criteria in Research

Criteria	Number of Firms
Public company in ASEAN	4541
Non-financial public companies in ASEAN	4157
Companies with complete financial data	849

#### 3.2 Methodology

The effect of tax avoidance on firm value is analyzed using descriptive and cross-section regression.

There are several stages that the author did in this research. Starting from the data transformation using natural logarithms. Then descriptive statistics are used to present more concise data. Next, a classical assumption test is performed to see whether the existing model has a consistent regression coefficient, is not biased, and has accuracy in estimation. The classic assumption tests performed are the normality test, multicollinearity test, and heteroscedasticity test. After that, it is followed by a cross-section regression analysis which is used to test the overall effect of the independent variables on the dependent variable. The cross-section regression model is:

$$\begin{aligned} \Delta \ln MC_{j,i,t(2015-2019)} = & \beta_0 + \beta_1 TA_{j,i,t(2015-2019)-t(2010-2014)} + \\ & \beta_2 \Delta DAR_{j,i,t(2015-2019)-t(2010-2014)} + \beta_3 \Delta \ln FS_{j,i,t(2015-2019)-t(2010-2014)} + \\ & \beta_4 \Delta ROE_{j,i,t(2015-2019)-t(2010-2014)} + \beta_5 \Delta EBITDA \text{ Margin}_{j,i,t(2015-2019)-t(2010-2014)} + \\ & \beta_6 \Delta \ln GDP_{j,i,t(2015-2019)-t(2010-2014)} + \varepsilon_{j,i,t(2015-2019)-t(2010-2014)} \end{aligned} \quad (2)$$

The dependent variable in this study is the change in average stock market-capitalization for 2015-2019 relative to 2010-2014. The independent variables are accumulated tax avoidance 2010-2014. In addition to the independent variables, the authors add five control variables which consist of the differences from 2015-2019 relative to 2010-2014 in ratio of Debt to Total Assets, Firm Size, Return on Equity, EBITDA margin, and Gross Domestic Product (GDP).

**Table 2.** Variable Operationalization

Variable	Notation	Formula	Description
<b>Dependent Variable</b>			
<i>Firm Value</i>	$\Delta \ln MC$	$\Delta MC = \text{Average } MC_{(2015-2019)} - \text{Average } MC_{(2010-2014)}$	Firm value (market capitalization) is obtained from the difference between the second and first period averages.
<b>Independent Variable</b>			
<i>Tax Avoidance</i>	TA	$TA = \sum_{i=2010}^{2014} \text{Total deferred tax}$	Tax payment delays or tax avoidance as measured by the accumulated total deferred tax during 2010-2014.
<b>Control Variable</b>			
<i>Debt to Asset Ratio</i>	$\Delta DAR$	$\Delta DAR = \text{Average } DAR_{2015-2019} - \text{Average } DAR_{2010-2014}$	DAR is a measure of a company's debt which is measured by finding the difference between the average of the second and first periods.
<i>Firm Size</i>	$\Delta \ln FS$	$\Delta FS = \text{Average } Asset_{2015-2019} - \text{Average } Asset_{2010-2014}$	Firm size is the size of a company's assets as a proxy for total assets and is measured by the difference between the averages of the second and first periods.
<i>Return On Equity</i>	$\Delta ROE$	$\Delta ROE = \text{Average } ROE_{2015-2019} - \text{Average } ROE_{2010-2014}$	ROE is a measure of the company's profitability level as measured by the difference between the average of the second and first periods.
<i>EBITDA Margin</i>	$\Delta \text{EBITDA Margin}$	$\Delta \text{EBITDA Margin} = \text{Average } \text{EBITDA Margin}_{2015-2019} - \text{Average } \text{EBITDA Margin}_{2010-2014}$	EBITDA Margin is a measure of a company's profitability as measured by the difference between the average of the second and first periods.
<i>Gross Domestic Product</i>	$\Delta \ln GDP$	$\Delta GDP = \text{Average } GDP_{2015-2019} - \text{Average } GDP_{2010-2014}$	GDP is a measure of a country's economic growth as measured by the difference between the second and first period averages.

#### 4. RESULTS AND DISCUSSION

#### 4.1 Test and regression results

First, the writer performs descriptive statistics with the following results:

**Table 3.** Descriptive Statistics Before Transformation

	$\Delta MC$	$TA$	$\Delta DAR$	$\Delta FS$	$\Delta ROE$	$\Delta EBITDA$ <i>Margin</i>	$\Delta GDP$
Mean	-6.634	-1.961	0.004	322.930	1.027	-2.385	56615.713
Median	-1.990	-0.143	0.002	20.742	-3.553	-1.156	59451.184
Min	-10373.959	-412.776	-0.392	-6196.609	-489.887	-333.888	37974.942
Max	12043.426	581.210	0.367	17099.069	4867.863	92.669	74959.252
Std.Dev	1233.849	42.929	0.103	1260.091	168.552	16.162	9961.280

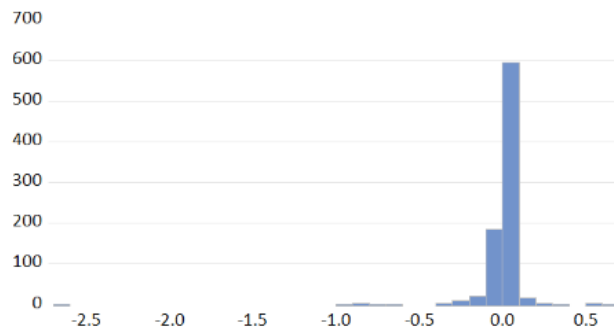
From the table above, it can be seen that the values of the variables used are different. The range of data owned is also very different. The market capitalization, tax avoidance, firm size, and GDP variables have a database in the form of nominal money (millions of USD), while the DAR, ROE, and EBITDA margin variables have a ratio database. Therefore, the author performs data transformation to eliminate skewness in the data so that there are no outliers. Data transformation is done by calculating the value of the natural logarithm (ln) of the variables with a database in the form of nominal money. To calculate the ln value, the existing data must be positive. However, almost all variables in the form of nominal money have some negative value data. So, to turn a negative value into a positive one, the writer adds 11,000 to the calculation. It can be seen that the variable  $\Delta MC$  has the largest minimum value among other variables, namely -10,373.959 and this value is used as a reference. All data with negative values when added to 11,000 will become positive and can be transformed using natural logarithms. Descriptive statistics after the data is transformed can be seen in the table below.

**Table 4.** Descriptive Statistics After Transformation

	$\Delta \ln MC$	$\ln TA$	$\Delta DAR$	$\Delta \ln FS$	$\Delta ROE$	$\Delta EBITDA$ <i>Margin</i>	$\Delta \ln GDP$
Mean	9.297	9.306	0.004	9.330	1.027	-2.385	11.109
Median	9.306	9.306	0.002	9.308	-3.553	-1.156	11.163
Min	6.439	9.267	-0.392	8.477	-489.887	-333.888	10.799
Max	10.045	9.357	0.367	10.243	4867.863	92.669	11.362
Std Dev	0.148	0.004	0.103	0.093	168.553	16.162	0.161



Furthermore, the authors conducted a classic assumption test. The first is the normality test with the following results:



**Fig. 3.** Normality Test Results

Probability : 0.000000

Hypothesis :

$H_0$  = Data is normally distributed

$H_1$  = Data is not normally distributed

$\alpha$  = 0.05

Decision rule: If the p-value < critical value, then  $H_0$  is rejected.

After carrying out the Jarque-Bera Test, the probability results are smaller (0.000000) than the alpha value (0.05), which means  $H_0$  is rejected. So, it can be concluded that the data is not normally distributed.

Then the authors conducted a multicollinearity test with the results in the table below:

**Table 5.** Multicollinearity Test

Variable	VIF	Conclusion
<i>LnTA</i>	1.064158	There is no Multicollinearity
$\Delta DAR$	1.024647	There is no Multicollinearity
$\Delta LnFS$	1.074259	There is no Multicollinearity
$\Delta ROE$	1.017975	There is no Multicollinearity
<i><math>\Delta EBITDA</math> Margin</i>	1.010725	There is no Multicollinearity
$\Delta LnGDP$	1.010562	There is no Multicollinearity

Hypothesis:

$H_0$  : VIF is less than 10, there is no multicollinearity in the regression

$H_1$  : VIF is greater than 10, multicollinearity problems are found in the regression

$\alpha = 0.05$

Decision rule: If the p-value < critical value, then  $H_0$  is rejected.

Based on the output results above, the VIF value of each variable is less than 10, which means we reject  $H_1$ . So, it can be concluded that each variable in the study does not have multicollinearity in regression.

The author also conducted a heteroscedasticity test with the following results:

**Table 6.** Heteroskedasticity Test

	<b>Prob. Chi Square</b>	<b>Significance Value (<math>\alpha</math>)</b>	<b>Conclusion</b>
<b>Model</b>	0.1413	0.05	There is no heteroskedasticity
<b>Conclusion</b>	Accept $H_0$ because $0.1413 > 0.05$ or There is no heteroskedasticity		

Hypothesis:

$H_0$  : No Heteroscedasticity Found

$H_1$  : There is Heteroscedasticity

$\alpha = 0.05$

Decision rule: If the p-value < critical value, then  $H_0$  is rejected.

After carrying out the Breusch-Pagan Godfrey test, the results of the chi-square probability (0.1413) are greater than the alpha value (0.05), and it can be concluded that  $H_0$  is accepted or there is no heteroscedasticity.

Then, the authors conducted a regression using 3 different models. The following are the results of the regression test that has been carried out:

**Table 7.** Regression Result

Dependent Variable : Market Capitalization (MC)		
Variable	Coefficient	p-value
<i>LnTA</i>	3.749872	0.0035***

$\Delta DAR$	-0.076852	0.1070
$\Delta LnFS$	0.480034	0.0000***
$\Delta ROE$	1.09 E-05	0.7080
$\Delta EBITDA Margin$	0.000290	0.3370
$\Delta GDP$	0.058352	0.0539*
Constant	-30.72318	0.0112
R-squared	0.085609	

\*p < 0.1; \*\*p < 0.05; \*\*\*p < 0.01

The cross-section regression show that accumulate tax avoidance 2010-2014 have positive contribution to firm value and the effect is significance at alpha 1%. There are only two control variables that statistically significant. Firm size and GDP change has positive relations to stock market-capitalization and statistically significance at alpha 1% and 10%, respectively.

#### 4.2 Discussion

From the results of the hypothesis testing that has been done, it can be seen that there is a significant effect of the total deferred tax variable along with the control variables (DAR, GDP, firm size, ROE, and EBITDA margin) on the dependent variable, namely market capitalization. Theoretically, the results of the tests carried out by the author are in line with the theory of the Gordon growth model and also the pecking order theory, whereby when a company delays paying its taxes, the company gets additional cash flow which is used as a source of funding through short-term investments and long-term investments. These additional funds if managed properly can increase the company's profit and from this income the company can provide dividends in greater amounts. Referring to the theory of the gordon growth model, with more nominal dividends distributed, it will increase the intrinsic value of the company's shares and make the shares undervalued if the intrinsic value is higher than the market price. This means that the valuation of the shares is good and the share price will increase along with the demand for these shares. The stock price grows, so the firm value as seen from market capitalization also increases.

The results of this test contradict several previous studies such as research by Apsari and Setiawan [2], Yuliandana et al. [19], Nurseto and Bandiyono [11], and Minh ha et al. [8] said that the higher the tax avoidance level of a company, the lower the company's value will be. These studies suggest that the higher the tax avoidance activity of a company, the lower the company's value will be because tax avoidance creates a bad image for the company. Tax avoidance is considered a violation of tax regulations and misleads investors by presenting incorrect financial reports. So that this is considered to be able to cause information asymmetry on the part of the company or investors so that it will have an impact on investors who become less confident about investing in the company.

Even so, the results of this test are in line with previous research conducted by Herdiyanto and Ardiyanto [6], which results in a high level of tax avoidance that can increase company value.

The results of this study show that tax avoidance will not increase agency costs, so that firm value will not be affected by tax avoidance activities. Herdiyanto and Ardiyanto [6] state that this is because the value of the implementation costs of tax avoidance activities is considered low and the lack of supervision from the government so that companies can be free from potential penalties or loss of reputation.

However, it is undeniable that the research conducted by the author uses a different proxy from previous studies. This research also has the basis that tax avoidance is an attempt to delay payment of tax debts, not to reduce tax debts. This is different from the basis of previous research which says that tax avoidance is an attempt to reduce or minimize tax debt by exploiting weaknesses in tax regulations. In this way, of course, it can be bad for the company both in terms of reputation, costs, and so on. However, this research focuses on exploiting loopholes in tax and accounting rules so that this is a safe way because it does not violate regulations. Deferred tax payments will definitely be paid in the future. So, in this way, the company does not run away from its responsibility to pay taxes. With different proxies, of course the test results will also be different when compared to previous studies.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

The research conducted is based on the phenomenon of tax avoidance carried out by various public companies in ASEAN countries. Observations can be seen from the number of deferred tax liabilities which increased from 2010 to 2019. Deferred tax liabilities mean companies legally postpone their tax payments and this is the concept of tax avoidance. This research was conducted with the aim of seeing whether the effect of delaying tax payments in the form of nominal money was found on firm value.

The data used is from public companies in ASEAN with complete data for 2010-2019. Data collection was carried out using Capital IQ. The regression method used is multiple linear regression with the model used that meets classical assumptions such as normality tests, heteroscedasticity, and multicollinearity tests. The dependent variable used is market capitalization. The independent variable is tax avoidance with total deferred tax as a proxy. In addition, there are control variables such as DAR, firm size, ROE, EBITDA margin, and GDP.

The test results state that there is a positive and significant effect of tax avoidance or delaying the payment of tax money on firm value. This means that companies that often delay paying their taxes will increase the value of the company. By doing tax avoidance, the company gets additional cash flow which can be used as a source of funding without any costs. If managed properly, the profit will increase so that the dividends that can be distributed are even greater. Large dividends make the intrinsic value of the valuation results using the Gordon growth model even greater. When a stock becomes undervalued, its price increases due to growing demand. Finally, the value of the company also grows.

There is a possibility that there will be differences in significance when the research is carried out with different time periods or with samples from different regions. This research also does not distinguish between developed and developing countries. So, based on the evaluation of the process results and research conclusions, there are several suggestions for further research, the first of which is that further research can separate deferred tax liabilities that arise as a result of

international or domestic activities. Then, the authors can use samples from different regions or outside ASEAN countries with different tax rates. Then, the next suggestion is to distinguish between developed and developing countries in the sample used.

Then, there are several benefits of research results for various stakeholders. The benefit for the government is to provide an understanding that delaying tax payments is not a loss, but can contribute to Indonesia's economic progress. The benefit for the company is that the proceeds from tax avoidance can be a source of additional funds to increase firm value. The benefit for the academic field is that this research adds to the literature regarding knowledge related to tax payment delays.

**Acknowledgment:** The authors get data access to S&P Capital IQ courtesy of School of Business and Economics Universitas Prasetiya Mulya.

## REFERENCES

- [1] Amri, M. R., & Praptoyo, S. (2022). Pengaruh Kebijakan Dividen Terhadap Harga Saham. *Jurnal Ilmu Riset dan Ekonomi*, 11(2460-0585).
- [2] Apsari, L. & Setiawan, P. (2018). Pengaruh Tax Avoidance terhadap Nilai Perusahaan dengan Kebijakan Dividen sebagai Variabel Moderasi. *E-Jurnal Akuntansi*, 23(3), 1765-1790.
- [3] Caselli, S. & Negri, G. (2021). Theoretical Foundation of Private Equity and Venture Capital. *Private Equity and Venture Capital in Europe*, 19–25.
- [4] Ester, Y. & Hutabarat, F. (2020). Pengaruh Tax Avoidance Dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Subsektor Kosmetik Dan Barang Keperluan Rumah Tangga. *Jurnal Ilmiah Akuntansi Indonesia*, 5(2).
- [5] Graham, J. R., Raedy, J. S. & Shackelford, D. (2012) Research in accounting for income taxes. *Journal of Accounting and Economics*, 53(1–2), 412–434.
- [6] Herdiyanto, D. G. & Ardiyanto, M. D. (2015). Pengaruh Tax Avoidance Terhadap Nilai Perusahaan. *Diponegoro Journal of Accounting*, 4(3), 274-283.
- [7] Kengatharan, L. (2016). Capital Budgeting Theory and Practice: A Review and Agenda for Future Research. *Research Journal of Finance and Accounting*, 7(1).
- [8] Minh Ha, N., Tuan Anh, P., Yue, X. G., & Hoang Phi Nam, N. (2021, January (1)). The impact of tax avoidance on the value of listed firms in Vietnam. *Cogent Business & Management*, 8(1).
- [9] Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have.pdf. *Journal of Financial Economics*, 13, 187–221.
- [10] Narayanan, M. P. (1988). Debt Versus Equity under Asymmetric Information. *The Journal of Financial and Quantitative Analysis*, 23(1), 39–51. <https://doi.org/10.2307/2331023>.
- [11] Nurseto, I. & Bandiyono, A. (2021). The Effect Of Tax Avoidance On Firm Value With Tax Expert As Moderating Variables. *Journal of Finance & Banking*, 25(4).
- [12] Palowa, A., Nangoi, G., & Gerungai, N. (2018). Analisis Faktor-Faktor yang Mendorong Tindakan Tax Evasion Pada Wajib Pajak UMKM Di Kecamatan Madidir Kota Bitung. *Jurnal Riset Akuntansi*, 13(4), 625-634.
- [13] Ross, S., Westerfield, R., & Jordan, B. (2021, March 1). *Fundamentals of Corporate Finance* (13th ed.). New York: McGraw Hill.
- [14] Satoto, S, H., Nurrohm, H, KP., & Budiwati, S, WS, (2022). Working Capital Management Before and During The Covid-19 Pandemic and Their Effect on Profitability in Manufacturing Companies

Listed on The Indonesia Stock Exchange. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 6(3).

[15] Stice, J. & Stice, E. (2011). *Intermediate Financial Accounting* (18th ed.).

[16] Teja, A. (2023). ESG Disclosure and Tax Avoidance. Working Paper Universitas Prasetiya Mulya.

[17] Wang, F., Xu, S., Sun, J., & Cullinan, C. P. (2019, December 6). Corporate Tax Avoidance: A Literature Review and Research Agenda. *Journal of Economic Surveys*, 34(4), 793–811.

[18] Wilson, R. J. (2009) An examination of corporate tax shelter participants. *The Accounting Review*, 84(3), 969–999.

[19] Yuliandana, S., Junaidi, J., & Ramadhan, A. (2021). Pengaruh Tax Avoidance Terhadap Nilai Perusahaan. *Jurnal Ilmiah Akuntansi Kesatuan*, 9(1), 31 - 42.